

InMed Pharmaceuticals

Q322 results update

Health and wellness product launches

InMed Pharmaceuticals has reported fiscal Q322 results (ending 31 March) benefiting from commercial sales into the health and wellness market. Its product launches of high-value rare cannabinoids contributed to its \$0.3m revenues and should provide most sales in the near future. It has also made progress with its pharmaceutical drug development program for treating glaucoma, where it completed the FDA pre-investigational new drug (pIND) meeting for candidate INM-088. We continue to see InMed offering near-term revenue generation combined with the longer-term value of its pharma drug development programs.

Year end	Revenue (US\$m)	EBITDA* (US\$m)	PBT* (US\$m)	EPS* (US\$)	P/revenue (x)	Net cash/(debt) (US\$m)
06/20	0.0	(9.0)	(9.0)	(1.73)	NA	5.5
06/21	0.0	(9.8)	(10.3)	(1.53)	NA	7.1
06/22e	1.8	(14.6)	(14.8)	(1.09)	6.5	1.5
06/23e	10.2	(13.2)	(13.8)	(0.96)	1.1	(11.0)

Note: *EBITDA, PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Health and wellness starting to bear fruit

Reflecting its move into the health and wellness space, InMed reported Q322 revenues of \$0.3m, largely from sales of cannabichromene and cannabicitran (CBT), down slightly from a pro-forma \$0.4m in Q321 (assuming BayMedica was acquired on 1 July 2020). InMed reported \$5.9m in gross cash and management expects this to be sufficient to fund opex and capex into Q223.

Product launches as catalysts

As noted previously, launches of high-value rare cannabinoids continue to be key catalysts. Inbound demand for rare cannabinoids has increased, and the launches of CBT ([January launch](#)), cannabidivarin ([April launch](#)) and tetrahydrocannabivarin (THCV, commercial scale production in anticipation of B2B sales) are anticipated to benefit InMed's revenues and margins as management expects to produce large-scale batches in May to June to meet anticipated demand. Moreover, InMed recently announced [its BayMedica subsidiary would supply THCv](#) to Radicle Science's 'Radicle Energy Study' to assess its health effects.

Progress on treating glaucoma (INM-088)

InMed has completed its pIND application discussion with the FDA and reached alignment on the design for the initial Phase I-II clinical trials to gather early data on the safety and efficacy of INM-088 treatment. Management expects to file regulatory applications in H1 CY23 to initiate a human clinical trial.

Valuation: Slight tweaks to forecast, \$5.6/share (base)

We adjust our forecasts from those published in our [Outlook report](#) for the lower net cash balance (\$5.0m) than in Q222 (\$10.3m) and the slightly higher share count. Our risk-adjusted per basic share valuations are now \$5.6 (base), \$15.5 (bull) and \$1.1 (bear), down slightly from our prior \$6.0 (base), \$16.0 (bull) and \$1.5 (bear).

Pharma and biotech

31 May 2022

Price **\$0.81**

Market cap **\$12m**

Net cash (\$m) at 31 March 2022 5.0

Shares in issue 14.6m

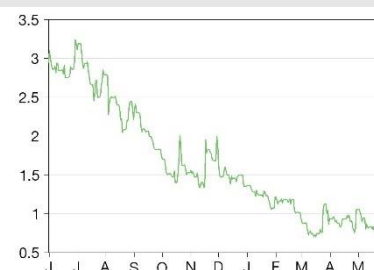
Free float 99%

Code INM

Primary exchange NASDAQ

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 6.5 (20.9) (74.0)

Rel (local) 7.2 (16.6) (73.7)

52-week high/low \$3.24 \$0.7

Business description

InMed is a biopharmaceutical company focused on manufacturing, developing and commercializing cannabinoids. It commercializes rare cannabinoids to the health and wellness industry with flexibility across several manufacturing approaches. It is also a clinical-stage pharma company developing rare cannabinoid therapeutics.

Next events

FY22 results TBD

Analysts

Ken Mestemacher, CFA +44 (0)20 3077 5700

Soo Romanoff +44 (0)20 3077 5700

healthcare@edisongroup.com

[Edison profile page](#)

InMed Pharmaceuticals is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

	US\$'000s	2020	2021	2022e	2023e	2024e
Year end 30 June		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
PROFIT & LOSS						
Revenue		0	0	1,766	10,191	12,078
Cost of Sales		-	-	(1,244)	(7,814)	(8,826)
Gross Profit		0	0	523	2,377	3,252
Research and development		(5,811)	(5,338)	(8,007)	(8,327)	(8,661)
Selling, general & administrative		(3,227)	(4,479)	(7,116)	(7,201)	(7,397)
EBITDA		(9,038)	(9,817)	(14,601)	(13,151)	(12,805)
Operating Profit (before amort. and excepts.)		(9,151)	(9,938)	(14,786)	(13,342)	(13,000)
Intangible Amortisation		-	-	-	-	-
Exceptionals/Other		82	(163)	(26)	(26)	(26)
Operating Profit/(Loss)		(9,069)	(10,101)	(14,812)	(13,368)	(13,026)
Net Interest and financial expense		130	(344)	17	(474)	(1,504)
Other (change in fair value of warrants)		-	243	-	-	-
Profit Before Tax (norm)		(9,021)	(10,283)	(14,769)	(13,816)	(14,504)
Profit Before Tax (GAAP)		(8,939)	(10,203)	(14,795)	(13,842)	(14,530)
Tax		-	-	-	-	-
Deferred tax		-	-	-	-	-
Profit After Tax (norm)		(9,021)	(10,283)	(14,769)	(13,816)	(14,504)
Profit After Tax (GAAP)		(8,939)	(10,203)	(14,795)	(13,842)	(14,530)
Average Number of Shares Outstanding (m)		5.2	6.7	13.6	14.4	15.0
EPS - normalised (c)		(172.80)	(153.02)	(108.72)	(95.94)	(96.85)
EPS - GAAP (US\$)		(1.71)	(1.52)	(1.09)	(0.96)	(0.97)
Dividend per share (c)		-	-	-	-	-
Gross Margin (%)		NA	NA	29.6%	23.3%	26.9%
EBITDA Margin (%)		NA	NA	NA	NA	NA
Operating Margin (before GW and except.) (%)		NA	NA	NA	NA	NA
BALANCE SHEET						
Fixed Assets		1,490	1,403	6,721	6,721	6,721
Intangible Assets		1,087	1,062	4,378	4,378	4,378
Tangible Assets		403	327	985	985	985
In Process R&D		0	0	1,249	1,249	1,249
Other		0	15	109	109	109
Current Assets		6,312	8,378	5,529	4,824	3,330
Stocks		0	0	1,420	1,000	1,000
Debtors		45	12	400	650	900
Cash		5,848	7,410	2,397	1,863	118
Other		419	957	1,312	1,312	1,312
Current Liabilities		(1,676)	(2,215)	(4,738)	(5,128)	(5,387)
Creditors		(1,607)	(2,135)	(3,500)	(3,850)	(4,100)
Short term borrowings		0	0	(29)	(29)	(29)
Finance lease obligations		(69)	(80)	(400)	(400)	(400)
Other		0	0	(809)	(849)	(858)
Long Term Liabilities		(248)	(189)	(494)	(12,494)	(24,494)
Long term borrowings		0	0	0	(12,000)	(24,000)
Other long term liabilities		0	0	0	0	0
Finance lease obligations		(248)	(189)	(494)	(494)	(494)
Net Assets		5,878	7,377	7,019	(6,076)	(19,830)
CASH FLOW						
Operating Cash Flow		(7,375)	(10,151)	(14,890)	(12,457)	(14,682)
Net Interest		0	360	1	512	1,532
Tax		0	0	0	0	0
Capex		(43)	(2)	(175)	(590)	(595)
Acquisitions/disposals		0	0	0	0	0
Equity Financing		(31)	10,855	10,706	0	0
Dividends		0	0	0	0	0
Other		1	0	92	0	0
Net Cash Flow		(7,448)	1,062	(4,267)	(12,535)	(13,745)
Opening net debt/(cash), not incl. leases		(13,784)	(5,848)	(7,409)	(2,426)	10,109
HP finance leases initiated		0	0	0	0	0
Exchange rate movements		416	(495)	0	0	0
Other		(905)	994	(717)	0	0
Closing net debt/(cash)		(5,848)	(7,409)	(2,426)	10,109	23,853
Closing net debt/(cash), incl. leases		(5,531)	(7,140)	(1,532)	11,002	24,747

Source: InMed Pharmaceuticals, Edison Investment Research

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia